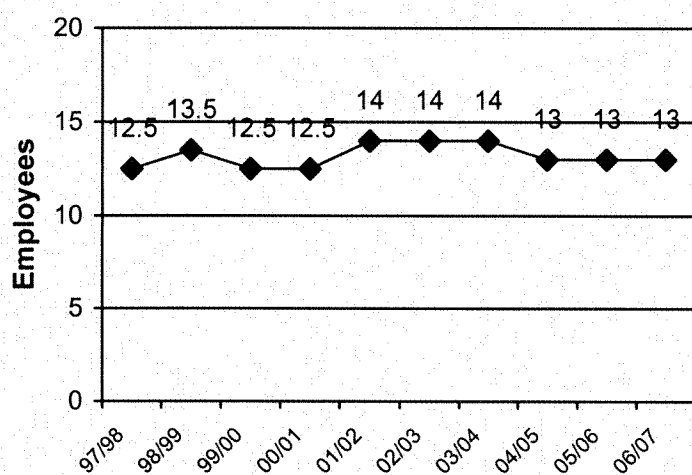


MISSION STATEMENT

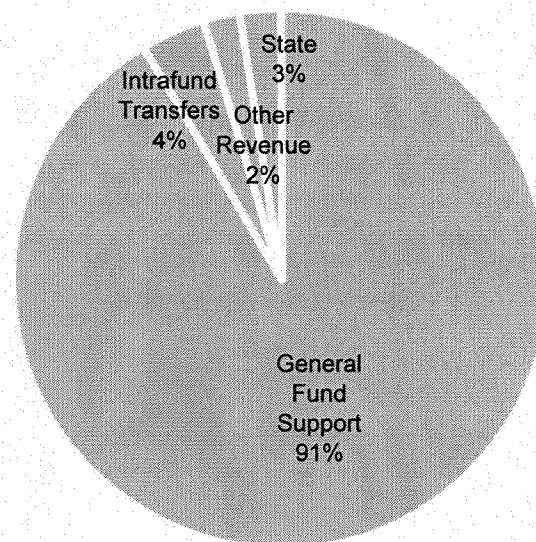
We, the Administrative Office, connect people to their government by practicing and promoting continuous improvement in communications, accountability and service.

| <u>Financial Summary</u> | <u>2005-06 Budget</u> | <u>2005-06 Projected</u> | <u>2006-07 Requested</u> | <u>2006-07 Recommended</u> | <u>Change From 2005-06</u> |
|-------------------------------|---------------------------|------------------------------|------------------------------|--------------------------------|--------------------------------|
| Revenues | \$ 183,519 | \$ 183,596 | \$ 91,732 | \$ 91,732 | \$ (91,787) |
| Salary and Benefits | 1,558,958 | 1,519,234 | 1,599,978 | 1,599,978 | 41,020 |
| Services and Supplies | 226,312 | 201,138 | 222,203 | 252,734 | 26,422 |
| Fixed Assets | 0 | 0 | 10,000 | 10,000 | 10,000 |
| **Gross Expenditures | \$ 1,785,270 | \$ 1,720,372 | \$ 1,832,181 | \$ 1,862,712 | \$ 77,442 |
| Less Intrafund Transfers | 69,204 | 69,204 | 71,972 | 71,972 | 2,768 |
| **Net Expenditures | \$ 1,716,066 | \$ 1,651,168 | \$ 1,760,209 | \$ 1,790,740 | \$ 74,674 |
| General Fund Support (G.F.S.) | \$ 1,532,547 | \$ 1,467,572 | \$ 1,668,477 | \$ 1,699,008 | \$ 166,461 |

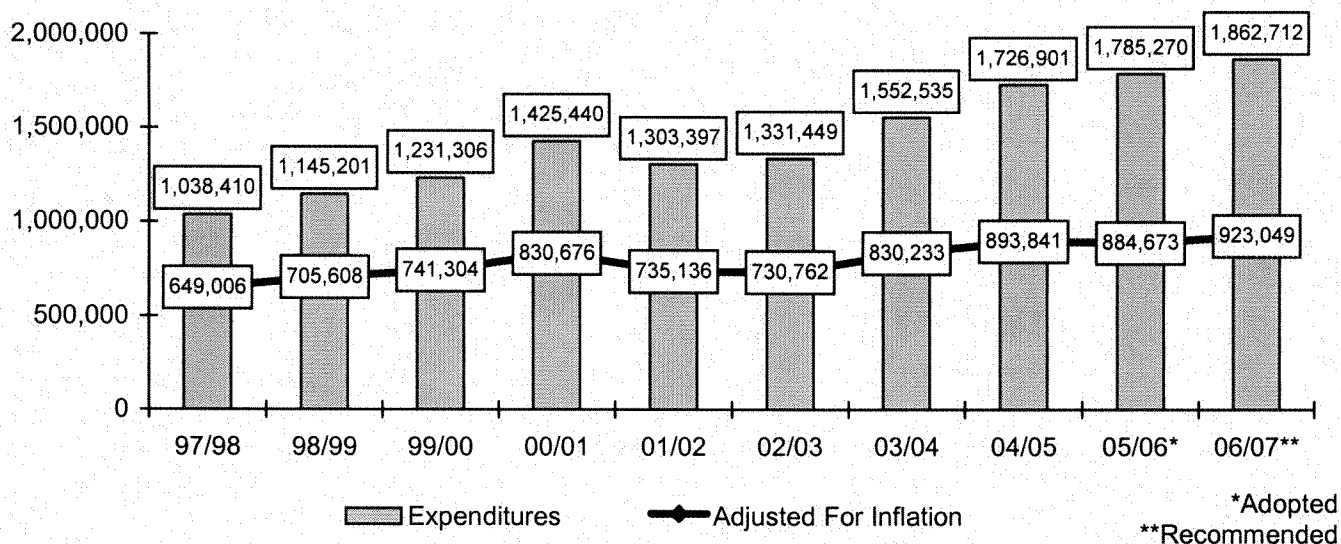
Number of Employees
(Full Time Equivalent)



Source of Funds



10 Year Expenditures Adjusted For Inflation



SERVICE PROGRAMS

Citizen Outreach/Support

Represents efforts geared toward reconnecting the public with county government. Includes activities such as surveying the community for feedback to improve performance; developing informative presentations and materials to improve communication with the public; and promoting technology to make county government more accessible (e.g., online access to county information, televised Board meetings, etc.).

Total Expenditures: \$60,767 Total Staffing (FTE): .5

Organization Support

Board of Supervisors: Provide high quality staff support to maximize Board effectiveness. Includes activities such as, facilitating implementation of Board policy; encouraging sound financial planning through annual preparation and regular review of the County budget; labor relations; preparing the weekly board agenda; responding to requests for information; resolving citizen complaints; etc.

County Departments: Provide high quality staff support to maximize county department effectiveness. Includes such activities as providing policy guidance, troubleshooting, and keeping departments up to date on important issues.

Total Expenditures: \$1,741,178 Total Staffing (FTE): 12

Organizational Effectiveness

Represents efforts geared toward creating a high performance "results oriented" County organization. Includes activities such as promoting strategic planning, goal setting, and performance measurement throughout the organization and encouraging continuous improvement through a regular organizational review process (e.g. the organizational effectiveness cycle process).

Total Expenditures: \$60,767 Total Staffing (FTE): .5

COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS

The General Fund Support for the Administrative Office is recommended to increase by \$166,461 or 10% compared to fiscal year 2005-06.

The recommended budget maintains existing staffing levels. No major program changes are recommended for this Fund Center but several organizational and budgetary changes are recommended for the Risk Management Division and the Organizational Effectiveness Fund Center. For details of these recommended changes please refer to the specific Fund Center budgets. Services and supplies are higher due to the recommendation of a replacement copier and an increase in the professional services account for employee relations contract services.

Revenues are recommended at a lower level as the Risk Management Division is recommended to move to the Human Resources department and Administration oversight (and offsetting revenue) is no longer applicable.

Examples of results achieved during FY 05-06 include:

- Initiated and led the process of developing departmental performance profiles to depict County departments' progress in identifying and meeting customer expectations
- Assisted the Personnel Department with the development and implementation of the High Performance Management program aimed at improving employees' supervisory skills and clarifying expectations for staff
- Worked with County departments to develop specific action plans in response to the Employee Opinion survey
- Organized and led two strategic planning sessions with Board of Supervisors
- Conducted an organizational health assessment which demonstrated continued improvement in services to Administration's internal and external stakeholders
- Developed performance plans for all Administrative Office staff
- Planned, developed and implemented the County budget and quarterly financial reviews
- Developed "gold standard" budget instructions and examples to improve the quality of departmental budget submittals
- Initiated a comprehensive review of Infrastructure financing options
- Continued leadership of Information Technology Executive Steering Committee to review, prioritize and recommend Countywide automation projects
- Oversaw successful completion of first year contracting with the Community Health Centers of the Central Coast to expand outpatient healthcare services and significantly reduce the County's costs for these services
- Worked with County departments on a variety of initiatives and projects, including Mental Health Services Act, Medi-Cal managed care, Workers' Compensation return to work program, employee safety, emergency planning
- Negotiated several long term labor agreements; notably with Deputy Sheriffs
- Initiated comprehensive review of management compensation focusing on Prevailing Wage ordinance and recruitment/retention issues

Initiatives planned for FY 06-07:

- Develop and distribute triennial citizen satisfaction survey and work with County departments to develop action plans in response to survey findings
- Prepare the County's third "Communitywide Results and Indicators" report
- Complete analysis of options for a new budget system and begin implementation
- Plan, develop and implement the County budget and quarterly financial reviews
- Oversee Employee University and complete "High Performance Management" training for all County departments
- Research aging workforce and succession planning issues for county
- Perform required analyses related to possible dissolution of Los Osos CSD and develop recommendations for Board on related matters
- Oversee preparation for - and participate in - a Federal Emergency Management Agency (FEMA) evaluated nuclear power plant emergency exercise
- Assume responsibility for negotiations with employee association representing In Home Support Services' employees
- Represent County in discussions with the state regarding logistics and financial impact of planned transfer of Court facilities
- Update County Administrative Office's strategic plan
- Oversee update of Information Technology strategic plan
- Oversee update of the Five-Year Capital Improvement Plan

GOALS AND PERFORMANCE MEASURES

Department Goal: To ensure the long-term financial stability of the County.

Communitywide Result Link: A well-governed community.

1. Performance Measure: Ratio of long-term debt to capital assets.

| 01-02 Actual Results | 02-03 Actual Results | 03-04 Actual Results | 04-05 Actual Results | 05-06 Adopted | 05-06 Projected Results | 06-07 Target |
|----------------------------|----------------------------|----------------------------|----------------------------|------------------|-------------------------------|-----------------|
| 7% | 9% | 10% | 8% | 8% | 8% | 8% |

What: This measure shows the ratio of long-term debt relative to the value of all our capital assets (e.g. land, buildings).

Why: This measure provides staff, the Board and public with information on the financial health of the County. It is our goal to keep our debt as low as feasible.

How are we doing? Each year the ratio fluctuates depending on the number and values of capital projects. No new debt is contemplated for fiscal year 2006-07. The County's credit rating remains strong (A+ from Standard and Poor's) due in part to strong financial operations and good reserve levels.

2. Performance Measure: Ratio of contingencies and general reserves to the County's total General Fund operating budget.

| 01-02 Actual Results | 02-03 Actual Results | 03-04 Actual Results | 04-05 Actual Results | 05-06 Adopted | 05-06 Projected Results | 06-07 Target |
|----------------------------|----------------------------|----------------------------|----------------------------|------------------|-------------------------------|-----------------|
| 9.4% | 8.4% | 8% | 6.8% | 6.8% | 6.8% | 7.4% |

What: This measure shows how much money the County has in "savings" relative to our daily, ongoing expenses.

Why: The measure provides staff, the Board and public with information on the financial health of the County. Our goal is to have a prudent level of savings that allows us to plan for future needs and "weather" economic downturns.

How are we doing? For fiscal year 2005-06 reserves remained near current levels and contingencies were 5% of the General Fund operating budget, per Board budget policies. Based on a healthy local economy and the State's financial problems diminishing it appears that we may be able to sustain or even build reserves over the next few years.

Department Goal: To provide high quality staff support in an effort to maximize the effectiveness of the Board of Supervisors.

Communitywide Result Link: A well-governed community.

3. Performance Measure: Percentage of Board members who respond to survey that indicate the Administrative Office staff provides satisfactory or better staff support.

| 01-02 Actual Results | 02-03 Actual Results | 03-04 Actual Results | 04-05 Actual Results | 05-06 Adopted | 05-06 Projected Results | 06-07 Target |
|----------------------------|----------------------------|----------------------------|----------------------------|------------------|-------------------------------|-----------------|
| 100% | 100% | 100% | 100% | 100% | 100% | 100% |

What: The County Administrative Office surveys the Board of Supervisors annually to determine their level of satisfaction with our staff support relative to accuracy, responsiveness, responsibility, timeliness and trustworthiness.

Why: The information gained from this survey allows us to continuously improve staff support to the Board.

How are we doing? Based upon survey results the Administrative Office is meeting or exceeding the expectations of the Board members.

Department Goal: To provide high quality staff support in an effort to maximize the effectiveness of County departments.

Communitywide Result Link: A well governed community.

4. Performance Measure: Percentage of departmental respondents that indicate the Administrative Office staff provides satisfactory or better support services.

| 01-02 Actual Results | 02-03 Actual Results | 03-04 Actual Results | 04-05 Actual Results | 05-06 Adopted | 05-06 Projected Results | 06-07 Target |
|----------------------------|----------------------------|----------------------------|----------------------------|------------------|-------------------------------|-----------------|
| 100% | 100% | 100% | 100% | 100% | 100% | 100% |

What: The County Administrative Office surveys departments annually to determine their level of satisfaction with our staff support relative to accuracy, responsiveness, responsibility, timeliness and trustworthiness.

Why: The information gained from this survey allows us to continuously improve our service to departments.

How are we doing? Based upon the survey results the Administrative Office is providing satisfactory or better support services to departments.

Department Goal: To create an environment whereby all employees feel valued and are proud to work for the County.

Communitywide Result Link: A well-governed community.

5. Performance Measure: Percentage of employees that indicate in a biannual workforce survey overall satisfaction with their job.

| 01-02 Actual Results | 02-03 Actual Results | 03-04 Actual Results | 04-05 Actual Results | 05-06 Adopted | 05-06 Projected Results | 06-07 Target |
|----------------------------|----------------------------|----------------------------|----------------------------|------------------------------|-------------------------------|-----------------|
| Survey delayed | Survey delayed | N/A | 91% | Next survey in FY 2006-07 | N/A | 95% |

What: The County Administrative Office administers a survey of all permanent County employees to gauge their overall level of satisfaction with their job.

Why: This information will be used to help assess our organizational health and identify areas for improvement.

How are we doing? The Employee Opinion survey was administered in August 2004 using a new automated survey system recently purchased by the County. Overall, a total of 1,664 usable responses were received – a 68% response rate. Of these, 1,543 employees indicated their level of agreement with the statement “I am satisfied with my job.” – 45% indicated that they strongly agreed with this statement, 36% somewhat agreed, 10% neither agreed or disagreed, 7% somewhat disagreed, and 2% strongly disagreed. Therefore, 91% of the County employees responding to this statement in the survey indicated that they were satisfied with their job.

6. Performance Measure: Full-time equivalent Administrative Office budget analyst staff per 1,000 county employees.

| 01-02 Actual Results | 02-03 Actual Results | 03-04 Actual Results | 04-05 Actual Results | 05-06 Adopted | 05-06 Projected Results | 06-07 Target |
|----------------------------|----------------------------|----------------------------|----------------------------|------------------|-------------------------------|-----------------|
| 1.89 | 1.87 | 1.81 | 1.60 | 1.56 | 1.56 | 1.57 |

What: This shows Administrative Office budget staffing per 1,000 county employees.

Why: This data can be compared with other Administrative Offices of similar characteristics to provide one measure of whether we are appropriately staffed for budget preparation and administration.

How are we doing? The total FTE budget analyst staffing levels per 1,000 employees for our comparable counties ranges from a high of 3.93 in Napa County to a low of 1.39 in Monterey County. The average was 2.14 with San Luis Obispo County at 1.60.